

EXHIBIT 3



**WASTEWATER TREATMENT SERVICES AGREEMENT
AMENDMENT**

THIS AGREEMENT made effective the First day of January 2007

BETWEEN:

THE CORPORATION OF THE CITY OF SAULT STE. MARIE
hereinafter called the "Owner"

OF THE FIRST PART

AND

PUC SERVICES INC.
hereinafter called "PUC Services"

OF THE SECOND PART

CONCERNING:

**OPERATION AND MAINTENANCE OF THE
CITY OF SAULT STE. MARIE'S WASTEWATER TREATMENT
FACILITIES**

RECITALS

- (a) The Owner entered into an agreement with PUC Services dated July 1, 2003 and authorised by the Council of the Owner under By-Law No. 2003-154 passed on June 23, 2003 to operate and maintain the Sault Ste. Marie Wastewater Facilities (the "2003 Agreement").
- (b) The Owner enacted an amendment to the 2003 Agreement on February 9, 2004 under By-Law 2004-28 (the "2004 Amendment").
- (c) The Owner has implemented an upgrade to the East End Water Pollution Control Plant to add secondary treatment (the "Upgraded East End Plant").
- (d) The Owner and PUC Services (collectively, the "Parties") wish to further amend the 2004 Agreement to incorporate changes in the scope of services to be provided by PUC Services resulting from the Upgraded East End Plant (the "2007 Amendment").
- (e) The Council of the Owner on the 12TH day of FEBRUARY, 2007, passed By-Law No. 2007-33 authorizing the Owner to enter into this 2007 Amendment.

NOW THEREFORE the Owner and PUC Services agree as follows:

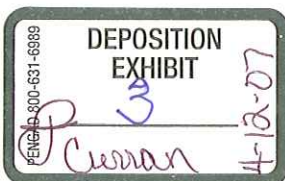
1. Terms and Conditions

The Parties agree all terms and conditions of the 2003 Agreement, as amended by the 2004 Amendment, shall remain in full force and effect for the duration of the Initial Term, as defined in the 2003 Agreement, except for the changes identified herein.

2. Scope of Services

The scope of services to be provided by PUC Services is hereby extended to include the operation and maintenance of the Upgraded East End Plant.

Schedules A and C of the 2004 Amendment are hereby deleted and replaced by Schedules A and C attached to this agreement.





3. Annual Price

In accordance with Section 4.2 of the 2003 Agreement, the Annual Price for Year Four beginning January 1, 2007 prior to the implementation of this amending agreement would have been:

With the significant upgrades required to add secondary treatment to the existing plant and the introduction of the new Biological Nutrient Removal (BNR) process, substantial additional staff are required to provide ongoing operations and maintenance. Staffing will be increased in accordance with the recommendations of the Owner's consultant overseeing the upgrades, Earth Tech Canada Inc.

In contrast, the new BNR process will result in substantial savings in the cost of chemicals. Chlorine is eliminated and replaced by UV disinfection. Also the BNR process will greatly reduce the amount of Alum required to treat the effluent.

The resulting net increase in annual costs is reflected in this change to the Annual Price. The Parties agree that the Annual Price for Year Four beginning January 1, 2007 is hereby revised to the amount of

4. Cost Adjustments for 2006

PUC Services incurred additional costs during 2006 related to the phasing-in of additional staff required specifically to deal with the upgrades and due to phasing-in of changes to processes and procedures associated with the upgrades.

The Owner agrees to pay the following items, upon presentation of appropriate invoices:

- 4.1. A Maintenance Mechanic II (millwright) was hired to deal with the added complexity and scope of mechanical equipment resulting from the upgrades. This employee started on April 25, 2006 in order to provide adequate coverage during the commissioning of new equipment.

Costs for the Maintenance Mechanic II will be invoiced at \$7,338 per month prorated to April 25, 2006.

- 4.2. Two Maintenance Mechanic I (millwright helpers) are required to assist the Maintenance Mechanic II with the added complexity and scope of mechanical equipment resulting from the upgrades. These employees will be added to the staffing compliment as soon as possible.

Costs for the two Maintenance Mechanic I will be invoiced at \$6,081 per month per employee prorated to the employees' actual starting dates.

- 4.3. A Senior Operator is required to oversee the daily responsibilities associated with the new BNR process. This operator will be added to the staffing compliment as soon as possible in order to be ready for transition to the new process, which is now in progress.

Costs for the Senior Operator will be invoiced at \$8,003 per month prorated to the employee's actual starting date.

- 4.4. A Laboratory Technician is required to perform the greatly increased laboratory work resulting from the upgrades. This employee will be added to the staffing compliment as soon as possible in order to be ready for transition to the new process, which is now in progress.

Costs for the Laboratory Technician will be invoiced at \$6,520 per month prorated to the employee's actual starting date.

- 4.5. PUC Services has or will incur additional costs due to:
 - a) increased cleaning requirements of the new administration building,
 - b) increased snow removal due to the substantial increase in roadways and walkways,
 - c) increased laboratory analysis resulting from the BNR process.

Since these costs are not readily identifiable at this time because the buildings and site development are not yet complete and transition to the BNR process is still in progress, the Parties agree these costs will be billed directly once identified.

- 4.6. PUC Services has or will realize cost savings related to elimination of Chlorine gas and reduction of Alum usage.



Since the extent of these savings cannot be identified at this time because the facilities are not yet fully operational but are expected to be so before year end, the Parties agree PUC Services will provide credits to the Owner for 2006 once they are established.

5. Insurance

Section 2.9 of the 2003 Agreement is amended by added thereto subparagraph (e) as follows:

(e) PUC Services acknowledges that the Owner does not carry liability insurance with respect to the operation and maintenance of the Facility. The Owner's insurance coverage is limited to situations unrelated to PUC Services' operation and maintenance of the Facility. PUC Services will be required to respond to claims arising from the operation of the Facility and the Owner shall not be called upon to respond to such claims.

IN WITNESS WHEREOF the parties have duly executed this Agreement.

PUC SERVICES INC.

March 11/07
Date of Signing

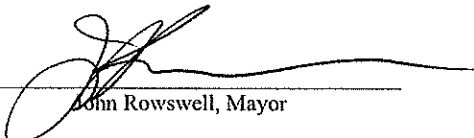

Brian Curran, President & CEO

May 1/07
Date of Signing

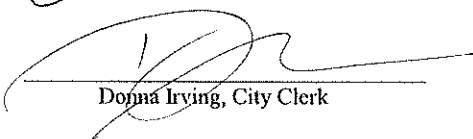

Terry Greco, Treasurer

**THE CORPORATION OF THE CITY OF
SAULT STE. MARIE**

Feb 12 -07
Date of Signing


John Rowsell, Mayor

Feb 12 -07
Date of Signing


Donna Irving, City Clerk



SCHEDULE A

The Facility

Part I. Description of the Facility

For the purposes of this Agreement, the Facility is comprised of the following:

West End Plant

The West End Plant is a 20,000 cubic meter per day conventional activated sludge wastewater treatment plant. The plant includes two lift stations, mechanical bar screens, two vortex grit removal units and two primary clarifiers with scum removal equipment. Secondary treatment is provided by four aeration cells with fine bubble diffusers and two secondary clarifiers as per the Certificate of Approval. The plant has a sludge dewatering system consisting of two diaphragm sludge transfer pumps, two gorators, three single piston positive displacement pumps (Willett) and two 1200 mm plate and frame sludge presses.

Lift Stations

There are three lift stations associated with the West WPCP: John Street L.S., Young Street L.S., and Main L.S.

The John Street lift station, located at 291 John Street, was commissioned in 2003. It is used to divert a portion of flow from the east system to the west plant. The station has two 75 hp variable frequency driven duty pumps and two 215 hp constant speed pumps. The station is designed to deliver 7 ML/d to the west plant during dry weather flows, with a peak flow of 47.5 ML/d. A flow diversion structure at the inlet to the station allows excess flows to bypass to the East End system. A diesel generator provides full back-up power for the station.

The Young Street and Main lift stations were constructed in 1984, at the same time as the West plant. There are two large and one smaller screw pumps at each station. The smaller pump is used as the duty pump with the larger ones as standby. The pumps are of axial, high lift flow design operating on a start/stop operation cycle. The daily pumping capacity of the lift station is 410,000 cu.m./day, the two large pumps each with a capacity of 190,000 cu.m./d, and the smaller one with a capacity of 30,000 cu.m./d. The lift stations are each equipped with a permanent standby diesel generator. The Intermediate (Young Street) pump station generator, located at 800 Young Street, produces 300 Kilowatts and will operate all equipment. The Main pump station generator, located at 55 Allen's Side Road, produces 400 Kilowatts and operates all lift station equipment as well as the Control Room in the administration building which contains the alarm system ..

Primary Overview

The screening and degritting building contains two mechanically operated bar screens and one manually cleaned screen for emergency purposes. Rags, sticks and other material collect on these screens and are transferred to a disposal bin via a screw conveyor. Two vortex grit removal tanks allow the collection of inorganic material, which is transferred to the waste bin via a belt conveyor for disposal at the City's landfill site. The West End Plant primary sedimentation includes 2 tanks with a total capacity of 2,904 cu.m. allowing for 6.5 hours of detention time under average flow conditions. The primary clarifier tanks are both 44m x 11m x 3m, 1,452 cu.m. in size. Slide gates allow inlet flow control. Travelling bridges direct the settled solids into 4 hoppers with diaphragm pumps for solids removal. Surface scum is removed with a cross collector system and deposited in tanks for disposal at landfill.

Biological Overview

The West End Plant biological process includes 4 tanks with a total capacity of 4,600 cu.m. for approx. 5.5 hours detention time under average flow conditions. Each tank is 30m x 15m x 5m, or 1,160 cu.m. in size. There are 4 blowers located in the Blower Building, which can deliver up to 1,425 cu.m./hr air volume to provide the oxygen necessary for the micro-organisms.

Secondary Overview

West End Plant secondary sedimentation system includes 2 clarifiers with a total capacity of 5,090 cu.m. providing approx. 5.8 hours of detention time under average flow conditions. Each final clarifier tank is 30m diameter x 3.6m, for a capacity of 2,545 cu.m.

Disinfection- Effluent Disposal Overview

Chlorine gas stored in the Chlorine Building is used in the chlorination process of the final effluent. The average volume of treated effluent to be disposed of is 10,500 cu.m./d and is directed into the St Mary's River after the final treatment stage via a 2 km outfall.



Solids Handling Overview

The sludge dewatering process produces a solids mass that is greater than 25% solids. This facility incorporates plate presses for dewatering purposes. The total volume treated by this process is 1,520 cu.m./month. Anionic polymers are applied at the Willett pumps to assist in the removal of water. The total volume of sludge produced per annum requiring disposal is 1,900,000 kg of dewatered cake hauled in 2,500 cu.m. loads via tractor-trailers.

East End Plant

The East End plant is a secondary treatment plant with a *Rated Capacity* of 36,000 m³/day in Phase I (and planned to upgrade in the future to a rated capacity of 54,500 m³/day in Phase II) consisting of the following:

Inlet Works:

- Two (2) 1.0 m wide mechanical influent bar screens with 6.0 mm bar spacing and screening capacity of 170,000 m³/day in 1.20 m wide channels, equipped with one (1) 285 mm diameter 7.5 m long screenings screw conveyor, one (1) screenings dewatering and washing press, and one (1) 10.7 m³ capacity screenings/grit storage bin;
- One (1) 1.20 m wide manual influent bar screen with 50.0 mm bar spacing with a nominal screening capacity of 85,000 m³/day to be used as a standby;
- One (1) emergency bypass channel allowing bypass of flows in excess of 2.5 times the Rated Capacity (36,000 m³/day) before the primary clarifier and flows in excess of 2.0 times the *Rated Capacity* before the secondary treatment system to the effluent disinfection prior to discharge through the outfall sewer;

Grit Removal:

- Two (2) 4.9 m deep and 5.0 m diameter vortex type grit removal basins designed for peak wet weather flow of 215,000 m³/day, equipped with two (2) 11.0 L/sec capacity centrifugal type grit pumps and one (1) 0.9 m³/hr capacity grit dewatering screw, discharging grit into a screenings/grit storage bin;

Primary Clarifiers:

- Three (3) rectangular primary clarifiers each 45.0 m long 7.5 m wide and an average SWD of 4.4 m, each equipped with one (1) chain and flight sludge collector, open pipe troughs for scum collection, and top cover to capture odours;
- Two (2) double disc diaphragm primary sludge pumps each with a rated capacity of 15.0 L/sec discharging collected primary sludge into a sludge fermenter or into a fermented sludge storage tank;
- One (1) primary scum pump with a rated capacity of 10.0 L/sec discharging collected scum into a fermented sludge tank;

Sludge Fermenter:

- One (1) sludge fermenter with an interior diameter of 23.6 m and SWD of 1.5 m to be constructed within an existing primary clarifier (No.5) structure;
- Two (2) 24.0 L/sec fermenter supernatant pumps discharging to the bioreactors;
- Two (2) 325 m³ capacity fermented primary sludge storage tanks equipped with top covers to capture odours;
- Two (2) 15 L/sec capacity fermented sludge pumps;

Biological Nutrient Removal (BNR) Reactors:

Two (2) identical 6,000 m³ capacity multi-cell biological nutrient removal (BNR) reactors each with the approximate dimensions of 60 m long x 20 m wide x 5.0 m deep, consisting of the following:

- One (1) 650 L/sec mixed liquor recycle pump;
- One (1) pre-anoxic cell with a volume of 120 m³, length of 4.8 m, width of 5.0 m and depth of 5.0 m equipped with one (1) 1.9 kW mixer;
- One (1) anaerobic cell with a volume of 420 m³, length of 18.8 m, width of 5.0 m and depth of 5.0 m, equipped with one (1) 3.0 kW mixers;



- One (1) anoxic cell 1 with a volume of 480 m³, length of 19.2 m, width of 5.0 m and depth of 5.0 m, equipped with two (2) 3.0 kW mixers;

Secondary Clarifiers:

- Three (3) 32.0 m diameter and SWD of 5.0 m secondary clarifiers designed for the *Rated Capacity* of 36,000 m³/day, equipped with suction header type sludge collector mechanism;
- One (1) 150 L/sec process drain pump located in the Blower Building;

Sludge Handling:

- Three (3) 250 L/sec capacity return activated sludge (RAS) centrifugal pumps (two duty and one standby), equipped with variable speed drive and a flowmeter to handle return activated sludge from secondary clarifiers;
- Two (2) 24.0 L/sec peak capacity waste activated sludge (WAS) pumps (one duty and one standby), equipped with variable speed drive to handle mixed liquor from the BNR reactors;
- Two (2) rectangular dissolved air floatation (DAF) units to be used for waste activated sludge (WAS) thickening, each providing a surface area of 30 m², constructed of fabricated stainless steel plate, and equipped with two (2) 24.0 L/sec capacity DAF submerse pumps (one duty and one standby), air compressor, sludge skimmer, and an aerated thickened WAS storage tank;
- Two (2) solid bowl sludge centrifuges, each centrifuge designed for an average feed rate of 4.2 L/sec at 4% solids to produce a 27% cake solids, for dewatering fermented primary sludge and thickened WAS added at 50:50 ratio with the addition of liquid polymer to improve solids recovery;
- Two (2) 12.0 L/sec centrate pumps (one duty and one standby);
- Two (2) 5.0 L/sec capacity fermented sludge feed pumps (one duty and one standby) and two (2) 5.0 L/sec capacity thickened WAS feed pumps (one duty and one standby) to service the sludge dewatering centrifuges;
- Two (2) sludge cake screw conveyors and two (2) trailer loading bays for haulage and disposal of sludge cake in a licensed landfill site;

Effluent Disinfection Facility:

- One (1) UV disinfection system consisting of one (1) UV disinfection channels with approximate dimensions of 12.8 m long x 1.702 m wide x 4.572 m deep, containing two (2) banks and each bank containing four (4) modules and each module consisting of ten (10) lamps resulting in a UV disinfection facility containing a total of eighty (80) medium pressure high output lamps, designed for a peak flow of 171,000 m³/day and to provide a UV dose of 24 mWs/cm² with a 65 % UV transmittance at 254 nm;

Air Blowers:

- Two (2) 150 kW multistage centrifugal air blowers and two (2) 187 kW multistage centrifugal air blowers supplying air requirements for the secondary sewage treatment plant;

Alum System

- One (1) 30 m³ capacity alum storage tank and three (3) 125 L/hr capacity diaphragm type chemical metering pumps to add alum into the BNR process and centrate as required;

Polymer System

- One (1) polymer system with a capacity of 15 kg/day, consisting of one (1) 1000 kg polymer storage tank equipped with a dry powder feeder, one (1) 1363 L capacity mixing tank, one (1) 1700 L capacity polymer solution day tank, two (2) 1.0 L/sec capacity polymer feed pumps for the centrifuges, two (2) 0.5 L/sec capacity polymer feed pumps for the DAF system, and one (1) 0.5 L/sec capacity polymer feed pump for the secondary clarifiers;



Lime System

- One (1) lime system with a capacity of 155 kg/day, consisting of one (1) 1000 kg lime storage tank equipped with a dry chemical feeder, one (1) 190 L capacity batch mixing tank equipped with a stationary mixer, two (2) 0.3 L/sec capacity lime slurry feed pumps (one duty and one standby) for the addition of lime into the centrate tank;

Odour Control Units

- One (1) central odour control unit to treat odours generated at inlet building, primary clarifier, sludge holding tank, and sludge building consisting of one (1) 27.0 m long x 16.0 m wide x 1.5 m deep biofilter bed with organic media;
- One (1) odour control unit to treat odours generated from sludge fermenter tank consisting of one (1) 3950 m³/hr inlet fan, and one (1) 4.6 m long x 0.6 m wide x 1.7 m deep packed wet scrubber equipped with sodium hypochlorite and sodium hydroxide solution storage and feed system;

Effluent Outfall Sewer

- One (1) 1600 mm diameter 968 m long effluent outfall sewer constructed from HDPE pipe with a maximum design hydraulic capacity of 215,000 m³/day, extending from plant outfall chamber into Lake George channel of St. Mary's River to a water depth of 5.9 m to 6.9 m terminating at a staged diffuser described below;
- One (1) 1600 mm diameter staged diffuser consisting of 30 diffuser nozzles, each diffuser with a diameter of 300 mm rising approximately 1 m above the river bottom, constructed with backflow preventer check valves, and oriented approximately 30 degrees from the outfall sewer pointing towards the center of the river channel;

Standby Power

- Two (2) 900 kW diesel generators providing standby power for the secondary sewage treatment plant with a provision for a future third generator of similar size, including all controls, instrumentation, electrical and associated appurtenances.

SCADA System

- A distributed SCADA system and Programmable Logic Controllers (PLC) distributed in a star configured Local Area Network (LAN) allowing independent control of PLC during a LAN hardware failure, and separate database computer for long term data archiving;

Miscellaneous Facilities

- Inlet building to house raw sewage screens and grit removal system;
- Blower building housing air blowers, alum system, WAS and RAS sludge pumps;
- Administrative building housing offices, meeting rooms, training rooms, control rooms, storage rooms and miscellaneous rooms;
- including associated yard piping, site improvements, heating, ventilation, electrical and control systems.

Lift Stations

There are three lift stations associated with the East End plant: Pim Street, Clark Creek, and River Road.

The Pim Street lift station was constructed in 1959 with two 16", 75 hp electrically driven pumps and one 16", 170 hp diesel standby pump, with a maximum discharge of 12MIGD (54.5 ML/d). The station was upgraded in the mid 1970's with the addition of a third pump and increasing the motors to 150 hp, and a maximum discharge of 19.6 MIGD (89.1 ML/d). The diesel standby pump is rated at 12 MIGD and operates only when there is a high level situation and a power failure. The Pim Street station discharges to a forcemain, which travels east to Pine Street where it changes to a gravity sewer. This sewer continues east on Queen Street and discharges to the Clark Creek lift station.

The Clark Creek lift station was constructed at the same time as the Pim Street station and the original East End Plant (1959). As with the Pim Street station, Clark Creek went through a number of upgrades, with the latest being 2003. The station has four 20", 215 hp electrical, variable speed driven pumps. The maximum discharge capacity remains the same as it was originally designed for, 30 MIGD (136.4 ML/d). This station has a standby diesel generator to service the entire station in the event of a power failure. An auxiliary pumping station (Drake Street station) was incorporated into wet well #1 in 1999 to help alleviate the backup of sewage in



nearby residential areas. This station has two small submersible pumps that discharge over a wall into the wet well. The Clark Creek station discharges to the East End plant via a forcemain.

The River Road lift station (also known as the Tarentorus station) was constructed in 1968, with a maximum capacity of 3.75 MIGD (17 ML/d). The station was rebuilt in 1990 to 7.7 MIGD (35 ML/d) with the construction of a new wet well and pump house with three 75 hp variable frequency driven pumps. The station also has a diesel generator for full emergency backup power. This station is located northeast of the plant and discharges by forcemain to the plant.

Combined Sewer Overflow Tank

In 2003 the Bellevue Park CSO tank was completed. The purpose of the facility is to provide additional storage within the sewage collection system in order to divert flows from the downstream Clark Creek station and the East End plant. This storage is for an interim basis until the peak flows within the system subside, thereby preventing premature discharge to the St. Mary's River, and backup into residential basements. Following the high flow event, the tank is emptied back into the Queen Street sewer by a controlled flow system. Once the tank is empty, a flushing water system cleans the bottom of the tank to help minimize the generation of foul odours. The tank has a capacity of 12,000 cubic meters, and utilizes two interceptor chambers to divert the flow: one at the intersection of Queen Street and Churchill Blvd. and the other at Queen and Lake Streets. A 750 L/s pumping station is utilized to pump into the tank from the Lake Street interceptor. There is an overflow that discharges to the St. Mary's River in the event that high flows continue for a substantial time period. A diesel generator provides back-up power.



Part 2. Street Address of the Facility

The street address of the Facility is as follows:

<u>West End Plant</u>	55 Allen's Side Road, Sault Ste. Marie, ON
<u>Main Lift Station</u>	55 Allen's Side Road, Sault Ste. Marie, ON
<u>Young Street Lift Station</u>	800 Young Street, Sault Ste. Marie, ON
<u>John Street Lift Station</u>	291 John Street, Sault Ste. Marie, ON
<u>East End Plant</u>	2221 Queen St. E., Sault Ste. Marie, ON
<u>Tarentorus Lift Station</u>	62 River Road, Sault Ste. Marie, ON
<u>Clark Creek Lift Station</u>	1677 Queen Street E., Sault Ste. Marie, ON
<u>Pim Street Lift Station</u>	816 Bay Street, Sault Ste. Marie, ON
<u>Bellevue CSO Tank</u>	1265 Queen Street East, Sault Ste. Marie, ON



SCHEDULE C

The Services

Subject to the provisions of this Agreement the Services are those services specifically set out in this Schedule. Specifically, PUC Services will provide services relating to Schedule "A" as follows:

1. Process Operations

PUC Services, acting reasonably, is responsible for ensuring an efficient operation of the process and keeping records on a daily basis by:

- inspecting process control equipment to ensure proper operation of primary and secondary wastewater treatment clarifiers, the BNR process, pumps, blowers and aeration systems, alum and other chemical feeders;
- checking pumping stations for proper operation and taking routine readings;
- operating pump controls and valve controls for pumping of all process streams;
- operating detritor systems, sludge pumping and dewatering systems, aeration systems and disinfection systems;
- operating scum collection equipment and pumping out scum collection chambers;
- raking bar screens and checking comminutors and mechanical bar screens;
- hosing down weirs, walls and channels in aeration tanks, clarifier, and detritor equipment;
- mixing and monitoring process chemicals such as chlorine, alum and polymer;
- recording and analyzing wastewater flow, chemicals used, chlorine residuals, process water and wastewater flow calculations;
- sounding clarifiers for sludge depth to ensure proper return rates;
- checking chemical feed pumps and return sludge rates, comparing to routine calculations and determining operational adjustment requirements;
- calculating, recording, and analyzing the amount of wastewater treated, the daily flows and monthly flows, pumping station running hours, diesel running hours, amount of chlorine and chemicals used, and the sludge hauled;
- performing routine wastewater tests such as suspended solids, BOD, total solids, chlorine residual, dissolved oxygen, total phosphorus, temperature, 30 minute settling and recording results, calculating plant process control parameters and making operational adjustments as required such as increasing chemical feed or wasting return sludge;
- operating the dewatering systems to efficiently produce a dewatered sludge that can be safely hauled away for further treatment or disposal at the Owner's landfill site;
- on a routine basis, completing the daily operating forms for statistics for computer input and correcting the results of the output forms to ensure a proper monitoring of plant flows and process for wastewater treatment;
- collecting samples for heavy metals and trace organics, conducting routine analysis for coliform bacteria and chemicals and ensuring that they are shipped to the proper labs (samples to ensure a representative analysis);
- ensuring that the daily operations comply with and fulfill the requirements of the Certificate of Approval and other legal documents;
- inspecting the Bellevue CSO tank on a routine basis for water build-up, and activating the emptying cycle when required;
- testing the operating cycle of the Bellevue CSO tank on a regular basis to ensure that the system is ready for high flow events.



2. **Routine Maintenance**

PUC Services will provide routine maintenance of the Facility, as would a reasonable operator. Specifically, PUC Services will:

- carry out a routine lubrication program including greasing and oiling as specified in the lubrication schedule;
- perform routine maintenance duties to equipment by following the preventive maintenance procedures as specified by the Work Management System; by checking machinery and electrical equipment when required, overhauling of equipment when necessary; and by replacing filters, belts, hoses, etc. when required;
- maintain an inventory on all equipment and tools;
- ensure buildings and grounds are kept in a clean and orderly state including cutting grass, clearing snow and other routine maintenance; and
- ensure the security of the facility by locking doors and gates.

3. **Capital Improvements**

PUC Services, acting as a reasonable operator, will record information on the frequency of equipment breakdown and repair costs to determine replacements needs. Where reasonable, parts of the Facility requiring upgrading or improvement will be identified and brought to the attention of the Owner in accordance with Paragraph 4.6(b) of the 2003 Agreement.

4. **Optimization**

PUC Services will routinely analyze, investigate and, where appropriate, implement measures to improve the effectiveness and efficiency of the Facility.

5. **Regulatory Matters**

PUC Services will handle day-to-day regulatory requirements and contacts with regulatory authorities in respect of operating issues concerning the Facility. PUC Services will review any inspection reports prepared by regulatory authorities that are provided to PUC Services. Subject to any approvals of the Owner required by Paragraph 4.6(b) of the 2003 Agreement, PUC Services will either correct deficiencies identified in such inspection reports or negotiate changes to the reports with the regulatory authorities.

6. **Staffing**

As appropriate, PUC Services will staff the Facility with certified operators and other trained staff as required by regulation under the Ontario Water Resources Act. All PUC Services staff at the Facility will be trained for the normal process operation and maintenance of the Facility and will also receive training on how to deal with emergency situations. PUC Services staff will be available to provide 24-hour coverage at the Facility in the event of illness or emergencies.

7. **Emergency Situations**

PUC Services will ensure that the Facility has a contingency plan in place to deal with non-routine operational situations and emergency situations such as spills, by-passes, overflows, hydro interruptions and equipment failure.